REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Sections 24 (D) (1), 188 & 196, Tax Code of 1997, as amended
BIR Ruling No. 530-17
OT-. 247 - 2022
MAY 24 2022

MS. SUSANA S. OCAMPO
c/o MS. ROBERTA J. GONZALES
69 Manuel S. Enverga Street
Silangang Mayao, Lucena City
Quezon

Dear Ms. Ocampo,

This refers to your request, on behalf of Ms. Roberta Gonzales, for exemption from the payment of capital gains tax (CGT) on the reconveyance of a parcel of land by virtue of a Decision rendered by the Regional Trial Court (RTC) of Lucena City, Branch 53, dated January 15, 2021, in Civil Case No. 91-134, entitled *"ROBERTA GONZALES, Plaintiff, versus SPOUSES DELMA DE LEON AND MANUEL DE LEON, ET AL., Defendants."*

Documents submitted disclosed that the plaintiff filed an action for Reconveyance against the defendants alleging that the subject property, then covered by Transfer Certificate of Title (TCT) No. , was formerly registered in the names of Mariano Jarmin and Maximina Diala (Sps. Jarmin), parents of plaintiff Roberta J. Gonzales ("Roberta" for brevity) and her brother, Angeles D. Jarmin ("Angeles" for brevity). After the death of Sps. Jarmin, Angeles sold the subject property to defendant Delma De Leon ("Delma" for brevity) using an already revoked Special Power of Attorney to Sell subject property. Delma caused the cancellation of TCT No and registered the subject property under her name. The RTC held that Roberta was right in claiming one-half (½) of the subject property. If at all, what Angeles sold to Delma was his one-half (½) share of the subject property as his inheritance. Having sold his one-half (½) share to Delma, he had no right to the remaining half which belonged to the plaintiff as her inheritance from their parents.

The RTC rendered its Decision on April 3, 2001 at Lucena City in favor of the plaintiff of which the pertinent dispositive portion of the said Decision reads:

> *"WHEREFORE, premises considered, the Court orders the defendants Delma de Leon and Manuel de Leon to reconvey and return to Roberta Gonzales at their expense ½ of the property originally covered by TCT*

OT-. 247-2022
MAY 24 2022

No. the name of Mariano Jarmin and Maximina Diala which later on was registered in the name of Delma de Leon, wife of Manuel de Leon under TCT No. and which in turn was subdivided into thirteen (13) lots in the name of Delma de Leon, wife of Manuel de Leon under TCT Nos. to inclusive.

The complaint against Angeles Jarmin is dismissed without prejudice to the defendants Delma de Leon and Manuel de Leon taking any appropriate action against him for selling to them the ½ portion of the land in question that belonged to the plaintiff as her inheritance."

The Decision became final and executory on April 17, 2001 as evidenced by the Entry of Final Judgment issued by the RTC of Lucena City, Branch 53. On March 24, 2021, a Deed of Reconveyance was executed by Clerk of Court VI Atty. Edgardo R. Castillo of the Office of the Clerk of Court and Ex-Officio Provincial Sheriff, RTC, Lucena City for and in behalf of Delma (Reconveyor) and Roberta (Reconveyee) transfering, ceding, and conveying the subject property to Roberta in compliance with the April 3, 2001 and May 31, 2010 Decision and Order, the September 27, 2019 Writ of Execution and Order dated January 15, 2021, all issued by the aforesaid branch of the RTC of Lucena.

In reply, please be informed that since the reconveyance of the subject property was pursuant to the Order of the RTC and without any monetary consideration and that said reconveyance was in order to return one-half (1/2) portion of the subject property to the legal owner, the transfer of the subject property in favor of plaintiff, **Roberta J. Gonzales** is not subject to the 6% CGT imposed under Section 24 (D)(1) of the Tax Code of 1997, as amended. Likewise, the Deed of Reconveyance is not subject to the documentary stamp tax (DST) imposed under Section 196 of the Tax Code of 1997, as amended, but only to the DST of Fifteen Pesos (PhP30.00)[1] imposed under Section 188 of the same Code.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

K-1

[1] The new DST rate was used since the Deed of Re-conveyance was executed on March 24, 2021 or after the effectivity of RA No. 10963 or Train Law.

By:

MARISSA O. CABREROS
Deputy Commissioner
Legal Group
Officer-in-Charge 0773